

I am pleased to be here today on behalf of Wells' Dairy, Inc. in Le Mars, Iowa. I am the Dairy Procurement Manager for Wells' Dairy and the issue before us today, the proposed changes to the Class I and Class II milk marketing order, will severely impact our business.

We oppose these proposed changes along with any changes that would increase our costs for raw milk.

WDI Company History

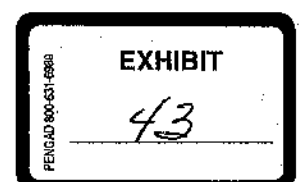
Wells' Dairy, Inc. is the world's largest family-owned and managed dairy processor in the United States, producing more than 500 Blue Bunny® branded fresh and frozen dairy products including milk, ice cream, novelties, fresh yogurt, cottage cheese, sour cream and snack dips.

Headquartered in Le Mars, Iowa, Wells' Dairy is a leader in delighting customers with more flavor, more variety and more of the good stuff in everything we make. In fact, the small northwest Iowa town of Le Mars is known as the Ice Cream Capital of the World® because we make more ice cream in one location than any other company in any single place on the planet. Blue Bunny ice cream can be found in 50 states, and over 20 foreign countries including Mexico and Puerto Rico.

Wells' operates five processing plants including a bottling plant and two ice cream manufacturing plants in Le Mars; a yogurt plant in Omaha, Nebraska; and an ice cream manufacturing plant in St. George, Utah. It takes the milk of nearly 70,000 cows per day to provide us with our daily dairy requirements.

To keep up with Wells' Dairy's entire milk needs, we procure raw milk from four states including SD, KS, NE, and IA. We utilize over 70 independent producers and numerous local cooperatives to purchase 800 million pounds of raw milk per year. Wells' Dairy's fluid bottling plant in Le Mars serves bottled milk to customers in a five state area including retailers and schools.

- 1) **Currently, Wells' Dairy has no problem obtaining the Grade A farm milk we need for our fluid dairy products.** The current system of utilizing both cooperatives and farmers directly is working quite well.
- 2) **Wells' Dairy operates a Milk Plant in Le Mars and we pay our milk suppliers a premium to cover the costs of the service they provide to us and also to reflect the competition for milk in our procurement area.**
 - a) The proposal, if adopted in its current form, would substantially increase pricing for Class I milk and for Class II butterfat -- 73 cents per hundredweight higher for Class I milk (skim and butterfat); 6 cents higher



for Class II milk with 3.5% butterfat (however, the Class II butterfat price would increase by 1.63 cents per pound, while skim would increase by only 0.74 cents per hundredweight).

b) In addition, this proposed change will reduce fluid milk consumption, increase milk production, and increase regional differences in farm milk prices. I believe this is a regional issue and must be dealt with in that manner.

A higher minimum Class II butterfat price will potentially cause Wells' Dairy to substitute Class IV butterfat products for fresh Class II cream in our Class II products.

One of Wells' Dairy's commitments is to respect and enhance the communities in which we do business as responsible corporate citizens. We provide product and monetary donations to various non-profits for help in raising funds. We understand the importance of giving back to the community of which we are such a big part.

We also play a big part in tourism for the City of Le Mars with our Visitor Center Museum where tourists and citizens alike can learn the history of our company along with the process of how milk from a dairy becomes ice cream. We have excellent relationships with our producers in the area and work with them to get students in the surrounding communities out to the farm to better understand the dairy industry.

Wells' Dairy and its over 3,000 employees nationwide enjoy being part of a family-owned company currently managed by the third generation of the Wells' family. There are even fourth generation family members working in the business today. We are proud of our heritage and look forward to an exciting future as we strive to be the number three national brand in ice cream and novelties.